



Claire McCaskill
Missouri State Auditor

June 2005

City of Marquand, Missouri

Year Ended December 31, 2004



Office Of The
State Auditor Of Missouri
Claire McCaskill

June 2005

The following problems were discovered as a result of an audit conducted by our office of the City of Marquand, Missouri.

The City of Marquand does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the year ended December 31, 2004, bids were either not solicited or bid documentation was not retained for some purchases including \$4,424 in sewer maintenance work and \$1,004 for a computer system.

Board minutes do not indicate that a board member abstained from voting on the approval of a raise for his son. Discussions and decisions concerning situations where a conflict of interest may exist should be completely documented so that the public has assurance that no city official has acted improperly.

The Board of Alderman approved a \$200 a month raise for the City Clerk in January 2005, during her term of office. The Missouri Constitution states that compensation to municipal officers shall not be increased during a term of office.

The former Collector was not compensated during her term of office from April 2002 to April 2004. A letter from the City Attorney indicated no payments were made because the Collector had not done the work or attended monthly board meetings, however there was no documentation to indicate the Board considered removing the Collector from office for failure to perform her duties.

The city did not properly report wages, withhold taxes, or pay the employer's share of social security on compensation paid to two part-time maintenance workers and the City Collector, or on overtime paid to the Sewer Superintendent as required by the Internal Revenue Code.

A budget and a street maintenance plan were not adopted for the year ended December 31, 2004. In addition, city financial statements were not published and there is no documentation supporting how the city clerk's salary is allocated between funds.

Numerous problems were noted with the city's procedures for documenting board meetings, providing public access to records and maintaining ordinance records.

Also included in the report are recommendations related to the segregation of duties, banking agreements and collateral securities, expenditures, timesheets and overtime policies, contracts, and restricted revenues.

All reports are available on our website: www.auditor.mo.gov

YELLOW SHEET

CITY OF MARQUAND, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS.....	4-16
<u>Number</u>	<u>Description</u>
1.	Accounting Controls and Procedures.....5
2.	Budgets, Street Maintenance Plan, and Financial Reports6
3.	Expenditures8
4.	City Appointments, Payroll, and Personnel9
5.	Minutes, Records, and Ordinances12
6.	Contracts14
7.	Restricted Revenues.....15
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION.....	17-20

STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Marquand, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of Marquand, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2004. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with

the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of Marquand, Missouri.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

February 3, 2005 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits: Thomas J. Kremer, CPA
Audit Manager: Debra S. Lewis, CPA
In-Charge Auditor: Chris Vetter

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF MARQUAND, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Accounting Controls and Procedures
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There are no segregation of duties or independent review of the City Clerk's work and collateral securities are not pledged by the city's depository bank for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. In addition, banking services are not bid and there are no written agreements with the city's depository banks.

- A. There are no segregation of duties or independent review of the City Clerk's work. The City Clerk is responsible for all record keeping duties of the city, including duties which would normally be performed by a City Treasurer. The duties include billing water, sewer, and trash fees, monitoring delinquent water, sewer, and trash fee accounts, receiving and depositing monies, maintaining payroll records, reviewing invoices, preparing and distributing checks, recording receipts and disbursements, and preparing monthly financial reports and bank reconciliations. No personnel independent of the cash custody and record-keeping functions provide adequate supervision or review of the work performed by the City Clerk.

Attorney General's Opinion No. 24, 1955 to Dodds, concluded that in a fourth-class city, the holding of the positions of City Clerk, City Treasurer, and City Collector, or any two of these offices, by the same person at the same time would be incompatible. Holding two of these offices does not allow the separation of duties necessary for a proper evaluation and review of financial transactions. The current procedures jeopardize the system of independent checks and balances intended by state law. If segregating these offices is not possible, at a minimum, procedures for adequate independent review should be established.

- B. Collateral securities are not pledged by one of the city's depository banks for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage of \$100,000. During the year ended December 31, 2004, the combined balances of the city's certificate of deposit and checking account at one banking institution exceeded \$100,000 each month. The highest bank balance noted was approximately \$151,600 in December 2004. Section 110.020, RSMo 2000, requires the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit less the amount insured by the FDIC. Inadequate collateral securities leave city funds unsecured and subject to loss in the event of bank failure.

- C. Written agreements with the city's depository banks are not prepared and banking services are not bid. The city has maintained its checking and saving accounts with the same banks for a number of years. To ensure the quality of banking services and ensure interest earnings received are maximized, the city should procure its banking services through a bid process. In addition, the city should enter into a written agreement with its depository banks.

WE RECOMMEND the Board of Aldermen:

- A. Consider appointing separate individuals to the positions of City Clerk and City Treasurer. If this is not possible, at a minimum, procedures for an adequate independent review of the record keeping functions should be established.
- B. Ensure collateral securities are pledged for all deposits in excess of FDIC coverage.
- C. Seek bids and enter into a written agreement for its banking services on a periodic basis.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *The City does not have the revenue or the workload to appoint a treasurer. The Board or the Mayor will review the bank reconciliations and other documents in the future.*
- B. *The City was not aware that securities should be pledged. This recommendation will be implemented.*
- C. *This recommendation will be implemented.*

2. Budgets, Street Maintenance Plan, and Financial Reports

A budget and a street maintenance plan were not adopted for the year ended December 31, 2004. In addition, financial statements were not published.

- A. While the city had prepared a budget in prior years, an annual budget was not prepared or adopted for 2004. Section 67.010, RSMo 2000, requires the preparation of an annual budget which presents a complete financial plan for the ensuing year.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific cost and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing

budgeted amounts to actual expenditures. A complete budget should include separate revenue and expenditure estimations by fund, and include the beginning available resources and reasonable estimates of ending available resources. The budget should also include a budget message and comparisons of actual or estimated revenues and expenditures for the two preceding years.

- B. An annual maintenance plan for city streets was not approved for 2004 or prior years by the Board. A formal maintenance plan should be approved in conjunction with the annual fiscal budget and include a description of the roads to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, the amount of labor required to perform the work, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan serves as a useful management tool and provides greater input into the overall budgeting process. Such a plan provides a means to more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

- C. The city did not publish semi-annual financial statements for 2004 or prior years as required by state law. Section 79.160, RSMo 2000, requires the board to prepare and publish semiannual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period. In addition, Section 79.165, RSMo 2000, states the city cannot legally disburse funds until the financial statement is published.

WE RECOMMEND the Board of Aldermen:

- A. Prepare annual budgets in accordance with state law and make periodic comparisons between budgeted and actual revenues and expenditures.
- B. Approve a formal maintenance plan for city streets at the beginning of the fiscal year and periodically update the plan throughout the year. In addition, the board should review the progress made in the repair and maintenance of streets to make appropriate decisions on future projects.
- C. Publish semi-annual financial statements as required by state law.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *A budget was adopted for 2005. Special circumstances led to the failure to budget in 2004.*

- B. *The street projects done are determined by the availability of grants. This recommendation will be implemented.*
- C. *The City was not aware that a financial statement was required to be published. This recommendation will be implemented.*

3. Expenditures

The city does not have a formal bidding policy, and the City Marshal was paid for work performed outside of his official duties. In addition, the Board of Aldermen's approval of expenditures is not properly documented.

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. During the year ended December 31, 2004, bids or proposals were solicited and documentation was retained for \$1,589 in engineering services and \$12,550 in building removal services; however, during the same time period, bids were either not solicited or bid documentation was not retained for some purchases including \$4,424 in sewer maintenance work and \$1,004 for a computer system.

Formal bidding procedures for major purchases would provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with bidders that offer the best value. Competitive bidding also helps ensure all parties are given equal opportunity to participate in the city's business. Not only can bids be handled by telephone quotation but bids can also be obtained by written quotation, by sealed bid, or by advertised sealed bid. Various approaches are appropriate based on the dollar amount and type of purchase. Whichever approach is used, complete documentation should be maintained of all bids received and reasons noted why the bid was selected.

- B. During the year ended December 31, 2004, the City Marshal was paid approximately \$241 for maintenance and repair work on city streets in addition to his regular salary. Officers and agents of a city serve in a fiduciary capacity. Personal interests in business matters of the city create the appearance of conflicts of interest and a lack of independence that could harm public confidence in the board and reduce their effectiveness. The city should refrain from paying officials for services that appear to be a conflict of interest unless such services are properly bid.
- C. The Board of Aldermen's approval of expenditures is not properly documented. The City Clerk prepares a listing of expenditures which the board approves for payment; however, these listings are not signed or initialed to indicate the board's approval nor do they always accompany the minutes of the meeting where the expenditures are approved. The board minutes simply note that expenditures

were approved for payment. Also, the minutes for the April 2004 meeting did not note any indication that disbursements were approved.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by a representative of the board to denote its approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the Board of Aldermen before payment is made to ensure all disbursements represent valid operating costs of the city.

WE RECOMMEND the Board of Aldermen:

- A. Establish formal bidding policies and procedures, with provisions for documentation of the justification for selecting and rejecting bids.
- B. Refrain from paying officials for services provided to the city unless such services are properly bid.
- C. Ensure the approval of all expenditures is adequately documented by including a listing of all approved expenditures in the board minutes.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *Both of the purchases noted were emergency purchases, which will be better documented in the future. This recommendation will be implemented.*
- B. *The Marshal was readily available and willing to do this work when they could not find anyone else. This will be better documented in the future.*
- C. *Every alderman gets a copy of the expenditure list to review. In the future, they will sign off on the list and include it with the minutes.*

4. City of Appointments, Payroll, and Personnel
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The Board of Alderman approved a mid-term raise for the city clerk, board minutes did not indicate that a board member abstained from voting for a raise for his son, and the former collector was not compensated during her term of office. In addition, timesheets are not submitted by some city employees and the appropriate signatures were not documented for those timesheets that were submitted. Also, the city does not have a written overtime policy or properly report wages, withhold taxes, or pay the employer's share of social security on some compensation paid.

- A. The Board of Alderman approved a \$200 a month raise for the City Clerk in January 2005, during her term of office. The City Clerk's two-year term of office, which is set by city ordinance 67-13, began in April 2003. Article VII, Section 13, of the Missouri Constitution states that compensation to municipal officers shall not be increased during a term of office. In addition, Section 79.270, RSMo 2000, states that the salary of a municipal officer shall not be changed during the time for which he/she is elected or appointed. Salary raises should be approved before a term of office begins and then implemented when the official begins their term.
- B. Board minutes do not indicate that a board member abstained from voting on the approval of a raise for his son. The December 2004 board meeting minutes indicate the alderman made the motion to give raises to several city employees including his son. The minutes did not indicate whether the alderman voted, stating only that the "motion carried".

Discussions and decisions concerning situations where a conflict of interest may exist should be completely documented so that the public has assurance that no city official has acted improperly. City officials should refrain from approving the salary of relatives and their abstention should be clearly documented in the minutes.

- C. The former Collector was not compensated during her term of office from April 2002 to April 2004. City ordinance 67-11 states the city collector shall be paid 10% of all taxes levied and collected in the city. A letter from the City Attorney indicated no payments were made because the collector had not performed the work or attended monthly board meetings. The minutes for the April 13, 2004 board meeting indicated the Board wanted to lower the percentage since tax calculations and bill preparations are now performed by computers; however, as of February 3, 2005, the city ordinance had not been changed. There was no documentation to indicate the Board considered removing the Collector from office for failure to perform her duties. The Board should review this situation and take appropriate action.
- D. Timesheets are not prepared by some of the employees and an employee signature or supervisory review was not noted on 16 of 21 timesheets submitted in 2004. During the year ended December 31, 2004, the city did not require the City Clerk, City Marshal, Sewer Superintendent, or Water Superintendent to submit timesheets. In addition, numerous timesheets submitted by other city employees were not signed by the employee or approved by their supervisor. Adequate control over payroll expenditures requires documentation, such as properly completed timesheets signed by employees and approved by supervisors, to provide evidence that the appropriate amount of time is worked each month. The Board should require timesheets be submitted by all city employees and signed by both employees and their supervisors.

- E. The city has not adopted a written overtime policy. The city paid the Sewer Superintendent \$270 for overtime in 2004. As noted in part D, the Sewer Superintendent does not prepare a timesheet. Without a timesheet, the city does not have assurance that the overtime work was performed outside of the Sewer Superintendent's normal working hours. The city should establish written policies to address situations in which overtime may be necessary, document how overtime will be awarded, and ensure compliance with the Fair Labor Standards Act. Complete and detailed written policies are necessary to provide guidance to city employees, provide a basis for proper compensation, ensure equitable treatment among employees, and avoid misunderstandings.
- F. The city did not properly report wages, withhold taxes, or pay the employer's share of social security on compensation paid to two part time maintenance workers and the City Collector, or on overtime paid to the Sewer Superintendent. The following table indicates the compensation or overtime paid during the year ended December 31, 2004, which was not subjected to withholdings and not reflected on a W-2:

Position	Amount Paid
Maintenance Worker	\$1,774
Maintenance Worker	1,616
City Collector	525
Sewer Superintendent	270

The city did file IRS form 1099's for the maintenance workers; however, these payments appear to represent compensation subject to Form W-2 reporting and payroll tax withholding. The Internal Revenue Code requires employers to withhold and remit federal income taxes and report accurate wages on Form W-2. Similarly, Chapter 143, RSMo 2000, includes requirements for reporting wages and withholding state income taxes.

WE RECOMMEND the Board of Aldermen:

- A. Ensure salaries of the city officials are not changed during their term of office.
- B. Ensure board members abstain from discussing and voting on issues related to a relative's employment. Such matters should be fully documented so that the public has assurance that no city official or agent has acted improperly.
- C. Review this situation and take appropriate action.
- D. Ensure timesheets are maintained and signed by employees and their supervisors.
- E. Establish written policies regarding employee overtime.

- F. Ensure payroll taxes are properly withheld and remitted for any wages or salaries paid. In addition, the board should ensure the compensation amounts paid are properly reported.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *The City Clerk repaid her salary increase. The Board was unaware that mid-term raises were not allowed. This recommendation will be implemented.*
- B. *The City did not realize that votes needed to be recorded. This recommendation will be implemented.*
- C. *They feel they have reviewed this situation and taken appropriate action. They have documentation that the Collector did not fulfill her duties.*
- D. *This recommendation will be implemented.*
- E. *They will adopt an overtime policy.*
- F. *This was an oversight. This recommendation will be implemented.*

5. Minutes, Records, and Ordinances
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Numerous problems were noted with the city's procedures for documenting board meetings, providing public access to records, and maintaining ordinance records.

- A. Board minutes are not signed to attest to their completeness and accuracy. The board minutes should be signed by the Mayor and City Clerk upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings. In addition, Board minutes do not always adequately document matters discussed and actions taken. There were numerous instances where the minutes indicated that a decision or appointment of an official was made but did not indicate the number of votes for and against the particular issue.

Section 610.020, RSMo 2000, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes taken. Minutes serve as the only official permanent record of decisions made by the board. Therefore, it is necessary the minutes be prepared to clearly document all business conducted. Board minutes should be signed by the City Clerk as preparer and by the Mayor to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board's meetings.

- B. The city does not have a formal policy regarding access to public records. A formal policy would establish guidelines for the city to make the records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish a cost for providing copies to public records.

Section 610.023, RSMo 2000, lists requirements for making city records available to the public. Section 610.026, RSMo 2000, allows the city to charge fees for copying public records, not to exceed ten cents per page and the city's average hourly rate of pay for clerical staff. In addition, research time may be charged at actual cost.

- C. The following concerns were noted regarding city ordinances:

- 1) The city has not adopted an ordinance to set the current compensation of city officials and employees. Section 79.270, RSMo 2000, requires that the compensation of city officials and employees be set by ordinance.
- 2) The city clerk has not been elected as required by city ordinance. The City Clerk was appointed to her position in July 1997. City Ordinance 67-13 states "the City Clerk shall be elected at regular city election held in the city on the 1st Tuesday of April of odd years, for a term of two years." The City Clerk position has not been placed on the ballot since the current City Clerk took office. The minutes for the June 2004 Board of Aldermen meeting indicated the Mayor wanted to change the city clerk position to an appointed office; however, as of February 3, 2005, this had not been done. The Board should put the office of the city clerk up for election, or amend the city ordinance to make the office of the city clerk an appointed position.
- 3) The city's ordinances are not codified. The summary listing of ordinances passed and rescinded has not been updated since 1999. Codification of the city's ordinances would assist the city in keeping track of additions and changes made to the city's ordinances.

Since ordinances represent legislation passed by the board to govern the city and its residents, it is important that they be maintained in a complete, well-organized, and up-to-date manner. The Board should establish compensation of city officials and employees by ordinance as required by state law. In addition, an index of all ordinances passed and repealed by the city could help keep track of additions and changes made to city ordinances.

WE RECOMMEND the Board of Aldermen:

- A. Ensure the board minutes are signed by the Mayor and the City Clerk to attest to their completeness and accuracy and ensure all significant discussions, actions taken, and information required by state law are included in the minutes.
- B. Develop written policies regarding procedures to obtain access to, or copies of public city records.
- C.1. Establish compensation of city officials and employees by ordinance as required by state law.
- 2. Comply with city ordinance by placing the City Clerk position on the ballot every two years or amend the ordinance to make the position appointed by the Mayor.
- 3. Ensure an index of ordinances passed and repealed by the city is maintained.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

A&

C.2. These recommendations have been implemented.

B. This recommendation will be implemented.

C.1. They have discussed how to adopt this ordinance with the city attorney.

- 3. They have determined it would be too costly to codify the city ordinances, but they will try to update the summary listing of ordinances and keep it up to date in the future.*

6. Contracts

The city did not always enter into written contracts defining services to be provided and benefits to be received for some services. In addition, two written city contracts had not been signed by the Mayor.

- A. There is no written contract between the city and the non-profit organization that makes improvements to the city's parks. Citizens Realizing Our Potential (CROP) receives tax credits from the Missouri Department of Economic Development and donations to maintain and improve the city's parks. In March 2004, the Board approved CROP's plan to perform work on city property; however, there is not a formal written agreement defining the services to be provided and the benefits to be received and giving CROP permission to perform work on city property.

- B. Two city contracts were not signed by the Mayor. The contract for backhoe services for the water and sewer systems, awarded in February 2003, had not been signed and the contract did not specify a contract period. The city spent \$4,550 for backhoe services in 2004. In addition, the agreement with the Madison County Sheriff, for the use of a mobile radio, has not been signed. This agreement was made in October 2004; however, the city did not receive a copy of the agreement until February 2005 which had only been signed by the Madison County Sheriff.

Written contracts between the city and applicable parties should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. If a length of time is not specified in the contract, the city should reevaluate the contract at least every two years to ensure they are using city resources efficiently. In addition, Section 432.070, RSMo 2000, requires contracts for political subdivisions to be in writing.

WE RECOMMEND the Board of Aldermen enter into, approve, and sign written contracts with all applicable parties which clearly define the work to be performed and the compensation to be paid or benefits to be received. In addition, contracts without a stated length of time should be reevaluated at least every two years.

AUDITEE'S RESPONSE

The Mayor and the Board indicated they will enter into a formal agreement with CROP, that the mobile radio contract has now been signed, and the backhoe contract was an oversight. This recommendation will be implemented.

7. Restricted Revenues

The city used restricted revenues on engineering costs for a city-owned parking lot. In addition, the City Clerk does not have adequate documentation to support the allocation of her salary to the various city funds.

- A. The city spent approximately \$1,589 from the Street Fund on engineering costs to pave a city-owned parking lot, which does not appear to be an appropriate use of this money. During the year ended December 31, 2004, the city deposited \$10,446 of state motor vehicle related receipts and \$4,266 in sales tax receipts into the Street Fund. Article IV, Section 30, of the Missouri Constitution, requires that motor vehicle-related receipts apportioned by the state of Missouri be used for street-related purposes, including policing, signing, lighting, and cleaning of roads and streets. In addition, city ordinance 89-1c requires the sales tax monies be used for street repair, fire protection, and emergency purposes. Engineering costs on a city-owned parking lot does not appear to be an

appropriate use of this money. To ensure compliance with the Missouri Constitution and city ordinances, the city should ensure receipts are only spent on purposes allowed by the constitution and city ordinances.

- B. Documentation does not exist to support the allocation of the City Clerk's salary to the various city funds. The City Clerk's salary is paid \$200 from the General Fund and \$300 from the Sewer Fund. Documentation is not maintained denoting how much of her time is spent on sewer duties or noting why her salary is not also allocated to the Water Fund, since she performs the same duties for that fund as for the Sewer Fund. Adequate documentation to support the allocation of payroll expenditures is necessary to accurately determine the results of operations of specific activities, thus enabling the city to establish user charges necessary to meet all operating costs without generating profits to subsidize other city services. The Board should ensure all expenditures are properly allocated to the various funds and are supported by adequate documentation.

WE RECOMMEND the Board of Aldermen:

- A. Ensure that disbursements of motor vehicle receipts and sales tax receipts are spent in compliance with the Missouri constitution and city ordinances. In addition, the Board of Aldermen should transfer \$1,589 from the General Fund to the Street Fund.
- B. Ensure all expenditures are properly allocated to the various funds and are supported by adequate documentation.

AUDITEE'S RESPONSE

The Mayor and the Board indicated:

- A. *They feel the parking lot is part of the city street system and Street Fund monies should be used.*
- B. *They will determine a proper allocation.*

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

CITY OF MARQUAND, MISSOURI
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The city of Marquand is located in Madison County. The city was incorporated in 1967 and is currently a fourth-class city. The population of the city in 2000 was 251.

The city government consists of a mayor and a four-member board of aldermen. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of aldermen, and votes only in the case of a tie. The Mayor, Board of Aldermen, and other officials during the year ended December 31, 2004, are identified below. The Mayor and the Board of Aldermen do not receive compensation.

Mayor and Board of Aldermen	Dates of Service During the Year Ended December 31, 2004		
Dennis Ward, Mayor Warren Huffman, Mayor Edwin Kennon, Alderman (1) Dennis Ward, Alderman Denise Johnson, Alderwoman C. Howell Bishop, Alderman C. Howell Bishop, Alderman (2) Doyle Smith, Alderman Robert Homan, Alderman	April 2004 – December 2004 January 2004 – April 2004 May 2004 – December 2004 January 2004 – April 2004 April 2004 – December 2004 January 2004 – April 2004 July 2004 – December 2004 January 2004 – July 2004 January 2004 – December 2004		
Other Elected Officials	Dates of Service During the Year Ended December 31, 2004	\$	Compensation Paid for the Year Ended December 31, 2004
Jane Hanks, City Collector Pat Starkey, City Collector	April 2004 – December 2004 January 2004 – April 2004	\$	525 0

Other Principal Officials	Dates of Service During the Year Ended December 31, 2004	Compensation Paid for the Year Ended December 31, 2004
Kay Durso, City Clerk	January 2004 – December 2004	\$ 6,000
Claude Medlin, City Marshal (3)	January 2004 – December 2004	10,261
Robert Homan, Jr., Sewer Superintendent	January 2004 – December 2004	6,270
Lisa Hovis, Water Superintendent	January 2004 – December 2004	6,600
Stephen Gray, City Attorney	January 2004 – December 2004	1,081

- (1) Appointed to serve the remainder of Dennis Ward's term when he was elected as mayor.
(2) Appointed in July 2004 to fill Doyle Smith's seat after Alderman Smith resigned.
(3) Term expired in April 2004. Mr. Medlin was then appointed marshal after no one ran for the position during the April 2004 election.

In addition to the officials identified above, the city employed two part-time employees on December 31, 2004.

Assessed valuations and tax rates for 2004 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 530,800
Personal property	198,650
Railroad and utility	227,161
Total	<u>\$ 956,611</u>

TAX RATE PER \$100 ASSESSED VALUATION

	Rate
General Fund	<u>\$ 0.8679</u>

TAX RATE PER \$1 OF RETAIL SALES

	Rate
General	<u>\$ 0.0100</u>

A summary of the city's financial activity for the year ended December 31, 2004, is presented on the next page.

Year Ended December 31, 2004

		General Fund	Street Fund	Water Fund	Sewer Fund	Community Development Block Grant	TOTAL
Receipts:							
Property taxes	\$	6,840	0	0	0	0	6,840
Sales taxes		4,266	4,266	0	0	0	8,532
Insurance proceeds		10,000	0	0	0	0	10,000
Court fees and fines		894	0	0	0	0	894
Surtax and utility taxes		2,408	0	0	0	0	2,408
Franchise taxes		7,190	0	0	0	0	7,190
Interest		2,023	26	124	205	0	2,378
Motor fuel taxes		0	10,446	0	0	0	10,446
Water, sewer, and trash collections		9,853	0	27,523	27,592	0	64,968
Sale of equipment		0	3,250	0	0	0	3,250
Grants		0	0	0	0	10,500	10,500
Other		2,880	0	500	0	0	3,380
Total Receipts	\$	46,354	17,988	28,147	27,797	10,500	130,786
Disbursements:							
Salaries and benefits	\$	13,844	731	8,235	9,899	0	32,709
Utilities and telephone		1,304	4,590	4,455	3,645	0	13,994
Disaster expense		12,550	0	0	0	0	12,550
Repair and maintenance		0	1,584	723	912	0	3,219
Contracted trash service and labor		9,669	3,674	4,230	320	0	17,893
Bond payments		0	0	8,004	7,728	0	15,732
Office supplies and equipment		1,776	474	472	274	0	2,996
Operations and maintenance		575	167	21	5,476	0	6,239
Insurance		3,075	723	1,480	0	0	5,278
Distribution materials		1,336	362	6,201	153	0	8,052
Street project		0	1,823	0	0	0	1,823
Parking lot and water projects		0	1,589	0	0	10,496	12,085
Taxes and fees		1,361	900	762	730	0	3,753
Fire department		2,133	0	0	0	0	2,133
Other		832	0	690	0	0	1,522
Total Disbursements	\$	48,455	16,617	35,273	29,137	10,496	139,978
Receipts Over (Under) Disbursements		(2,101)	1,371	(7,126)	(1,340)	4	(9,192)
Cash Balance January 1, 2004		171,018	8,458	42,450	37,533	272	259,731
Cash Balance December 31, 2004	\$	168,917	9,829	35,324	36,193	276	250,539